

# ***Headquarters U.S. Air Force***

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## **Strategic Sourcing, Commercial Activities & Privatization**



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**Annual CE, Contracting and  
Industry Partnering Forum**

**Col John Vrba**

**HQ USAF/XPMS**

**28 Aug 2001**

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***But First...***

***“The area of manpower is likely to be a constant point of criticism for years to come...If this director does his duty, he may not be popular with anyone.”***

**Memo to Lt Gen Norstad, DCS/O, Feb 1949**

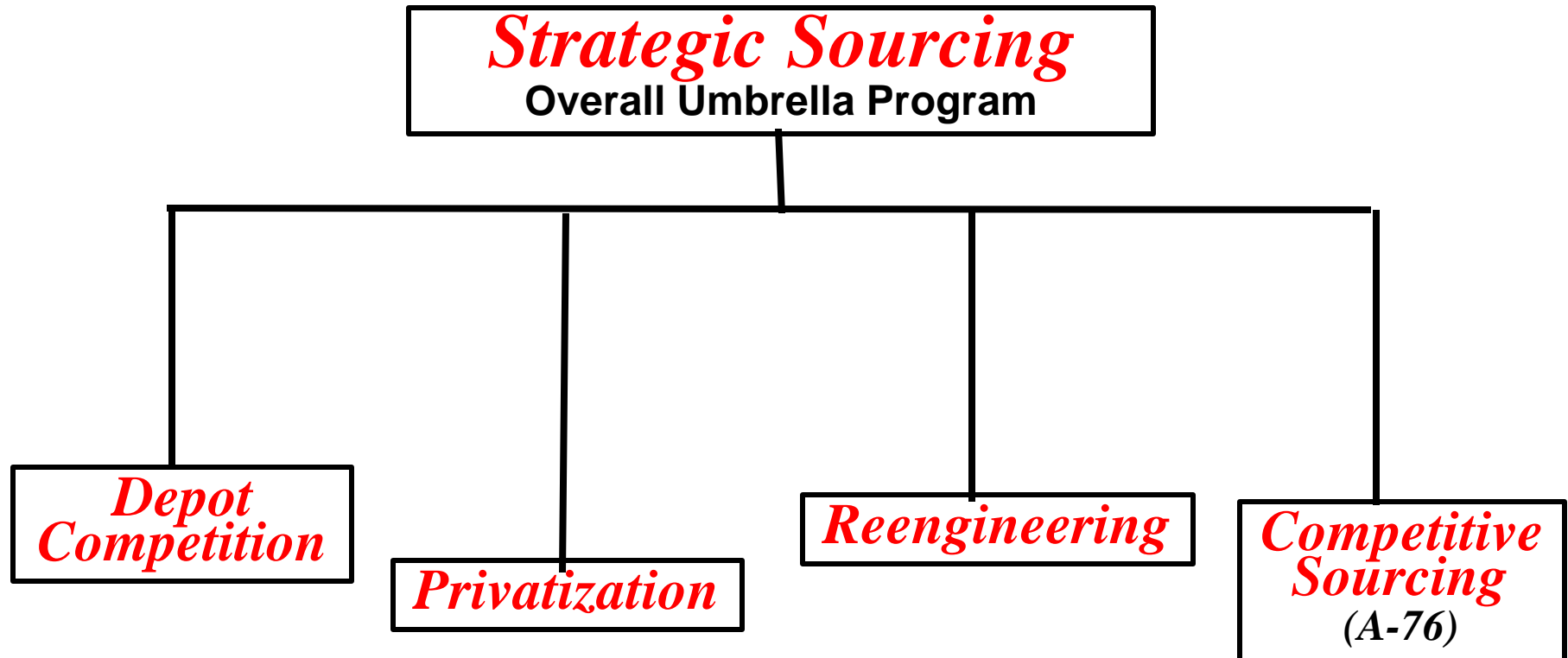
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# Air Force Program



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## ***Utilities Privatization***

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- **Withdrawn from A-76 program in FY99**
- **Water, wastewater, electrical, and natural gas systems at Active Duty, Reserve and National Guard installations--645 systems to process by Sep 03**
- **Status of systems**
  - **46 yielded no market interest**
  - **241 privatized pre-DRID #49 or exempted**
  - **58 proposals under evaluation**
  - **106 awaiting proposals**
  - **193 awaiting RFP release**
  - **Natural gas system at Bolling AFB privatized in Jul 01**
    - **1st in Air Force**



# ***Study Status -- Reengineering***

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■ Historian	Complete
■ Operational Contracting	Final Implementation
■ Safety	At MAJCOMs Trial App
■ Pick-Up and Delivery	XPM/ILT Coord
■ Airfield Management	In Coord with HAF Functional
■ Chaplain	Finalized by AFMIA
■ Services	In Coord with HAF Functional
■ Personnel	Ongoing



# ***Reengineering -- Con't Be Assured That...***

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- **There is no hidden pool of “extra” manpower authorizations**
- **Our only interest in the “fight” is to advocate what is best for the Air Force**
- **Recruiting and retention are limiting our ability to grow to requirements**

**WE WANT YOU TO BE CONNECTED TO THE  
PROCESS...**



# ***A-76 Competitive Sourcing Program Objectives***

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- **OMB Oversight: Federal Policy Since 1955**
  - **OMB Circular A-76, Performance Of Commercial Activities & Supplemental Handbook (RSH)**
- **Program Objectives**
  - **Achieve Economy, and Enhance Productivity Through Competition**
  - **Retain Inherently Governmental Activities In-house**
  - **Rely On the Private Sector For Commercial Activities**



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# ***A-76 Competitive Sourcing Who's In Charge?***

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- **Office of Management and Budget**
  - **Under Executive Branch of Government**
    - **Emphasis Changes With Administrations**
  - **All Federal Agencies Required To Comply**
    - **DoD Main Player To Date**
    - **DoD Unique Due To Number Of Components**
- **Congress**
  - **Constituent Concerns -- But Who Is Constituent?**
    - **Employees & Labor ? Yes...**
    - **Private Sector & Lobbies ? Yes...**
  - **Concerns Implemented Via Statutes**

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# ***A-76 In The Air Force***

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- **Implementation: AF Commercial Activities Program**
  - **AFI 38-203 (Effective 1 Aug 00)**
  - **Interim Change, 19 Jul 01**
- **HQ USAF**
  - **Executive Level Agent: AF/XP**
    - **Lt Gen Wehrle - Deputy Chief of Staff for Plans & Programs**
    - **Director: AF/XPM - Brig Gen Stein - Director, Manpower and Organization**
    - **Division: AF/XPMS - Competitive Sourcing and Privatization Division**
  - **Solicitation Guidance and Development - SAF/AQC**

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# ***A-76 = Competition***

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- **A-76 Ensures Competition**
- **Doesn't Assume In-house Or Contract Is Better**
- **Competition Is Resource Management Tool**
  - **Competitive Process IS Challenging**
  - **Competition Takes Investment of Time & Resources**
    - **Air Force Deliverable:**  
**Resource & Dollar Savings For  
Modernization**  
**Regardless of The Source -- Contract or In-  
House**



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## ***Current Status***

- **Program Focus has Shifted from Force Reduction to Force Shaping**
  - **Helps offset recruiting/retention limits on much-needed AF end strength growth--earlier fills for high priority requirements**
- **Diminished Potential for ID of Additional A-76 Candidates**
- **Signs We've Already Leaned as far Forward as We Can**
  - **Encountering Candidate Shortfalls in MAJCOM Programs**
  - **FY03 appears to continue under-execution**
- **Leadership Concerns about Impact of the program**
  - **Retention**
  - **Lost flexibility in accomplishing mission**
  - **Lost capability**



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# ***Current Environment for A-76***

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- **Large multi-function studies -- “A lot at Stake”**
  - **Both service providers and MEO/Union feel they can not afford to loose**
  - **Likelihood of appeals/protests increased**
- **A few high profile protests/appeals recently**
  - **Narrow cost differences on large, extremely complex studies**

***High-level Sensitivity May Drive Our Actions***



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## ***Recent Issues***

- **High profile studies**
  - **Maxwell**
  - **Lackland**
- **Changing OSD/OMB Guidance**
  - **Transmittal Memo #22**
  - **Interim Guidance**
  - **Best Value A-76 guidance**
  - **Handbooks**
- **Ongoing program reviews**
  - **AFAA - contractor performance; contract cost growth exceeds organic**
  - **GAO - Accuracy of CAMIS data, savings data; data does not support claims**
  - **DoD IG - Conduct of the Lackland BOS study**
- **Commercial Activities Panel**

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# ***Commercial Activities Panel***

- **Required by Sec. 832 of FY2001 NDAA**
- **... to study the policies and procedures governing the transfer of commercial activities of the federal government from government personnel to federal contractors, considering...**
  - **Procedures for determining whether functions should continue to be performed by government personnel**
  - **Comparing the relative cost of performance by government employees and contractor personnel**
  - **the implementation of the Federal Activities Inventory Reform Act (FAIR Act) of 1998 and the conduct of public/private competitions pursuant to Office of Management and Budget Circular A-76.**
- **Report to Congress by May 2002**



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# ***Commercial Activities Panel***

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- **Four Working Groups**
  - 1) **Background: Trends and challenges**
  - 2) **Outsourcing principles and policies**
  - 3) **A-76 and other outsourcing processes -- What's working/not working**
  - 4) **Alternatives to current outsourcing processes**
- **Public Meetings at various places around country**
  - **Washington DC -- 11 Jun 01**
  - **Indianapolis -- 8 Aug 01**
  - **San Antonio -- 15 Aug 01**



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## ***Recent Reviews***

- **USD (AT&L) review for DEPSECDEF**
  - **Management and oversight structures**
  - **Qualifications and training of personnel**
  - **Cost comparison standards**
  - **Appellate procedures**
- **AF Tiger Team for SECAF**
  - **Ensure competent and professional program execution**
- **Self-directed EAGLE LOOK by AF/IG**
  - **A-76 training**

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# ***AF Tiger Team Recommendations***

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- **A-76 Guidance**
    - Do an “end to end,” cross-functional review of AFI 38-203
  - **A-76 Training**
    - Establish process for post A-76 study feedback to assess training effectiveness
    - Revise AFI requiring study team members to have appropriate training
  - **Sources of Expertise**
    - Heighten awareness of AFMIA Strike Team existence
    - Consider Blanket Purchase Agreements with qualified contractors to support A-76 studies
    - Encourage MAJCOMs to identify specific subject matter experts
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# ***Recommendations (cont.)***

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## **■ MEO Process**

- Ensure MEO team members attend training**
- Encourage MEO teams to utilize expert assistance (e.g. qualified contractor support) in building and reviewing Management Plan, TPP and IHCE**
- Assign full-time, dedicated MEO team members to A-76 studies involving 50+ civilians or 100+ total authorizations**

## **■ IRO Process**

- IRO must be supported by a cross-functional team**
- Ensure IRO has sufficient experience and training**



# ***Recommendations (cont.)***

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## **■ Lessons Learned**

- Require MAJCOMs to provide lessons learned through appropriate channels for consolidation**
- Hold AF level conferences/workshops with “active” A-76 study teams**
- Ensure systematic process exists to incorporate lessons learned into AF guidance**

## **■ Source Selection/Cost Comparison Process**

- Air Staff/Secretariat involvement and review of studies >300 positions (would involve 6 of the 9 active studies)**
- Will discuss this threshold with OSD (AT&L)**



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## ***Lessons Learned***

- **Keep Leadership Informed Of Milestone Successes (Not Just Delays)**
- **Ensure Personnel Office Is Active Participant On Steering Group**
- **Ensure RIF Timelines Are Included In Milestones Early In Study**
- **Positive Treatment of Potential Service Providers & Labor Representatives**
- **Make Use Of Web Sites To Keep People Informed**
- **Solicit Those Good Ideas**
- **Communicate, Communicate, Communicate**
  - **All Employees, Labor, Private Sector, Local Community**

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# ***Lessons Learned***

## **■ AT WING COMMANDER LEVEL**

- Commander's support and involvement is essential**
- Adherence to A-76 policy & procedures minimizes appeals**
- Give the A-76 teams the resources they need**
- Ensure the best and brightest are team members**
- Insure team members get appropriate training at the right time**
- Independent Review Officer training and execution of tasks is important**

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# ***Lessons Learned***

- **AT WING COMMANDER LEVEL -- Continuation**
  - **Well written Performance Work Statement (PWS) is key**
  - **A Performance-based PWS yields innovation**
  - **Technical Performance Plan training is available**
  - **A good transition plan is critical to the mission**
  - **Labor market analysis must be thorough**
  - **Numerous centers of expertise - USE THEM!**
  - **Communicate, communicate, communicate**

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## ***Web Sites***

- **AFMIA: [www.afmia.randolph.af.mil](http://www.afmia.randolph.af.mil)**
- **Share A-76: <http://emissary.acq.osd.mil/inst/share.nsf>**
- **Contracting: <http://www.safaq.hq.af.mil/contracting/>**
- **SAF/FM: <http://www.saffm.hq.af.mil/>**
- **OMB: <http://www.whitehouse.gov/omb/>**
- **Various “Functional” pages and MAJCOM pages**
  - **AF Home Page: <http://www.af.mil/>**
  - **RFP solicitations:  
<http://www.eps.gov/spg/USAF/index.html>**
  - **Official DoD win.COMPARE<sup>2</sup> Website --  
<http://compare.mevatec.com/>**

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## **Questions?**



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## **BACKUP**



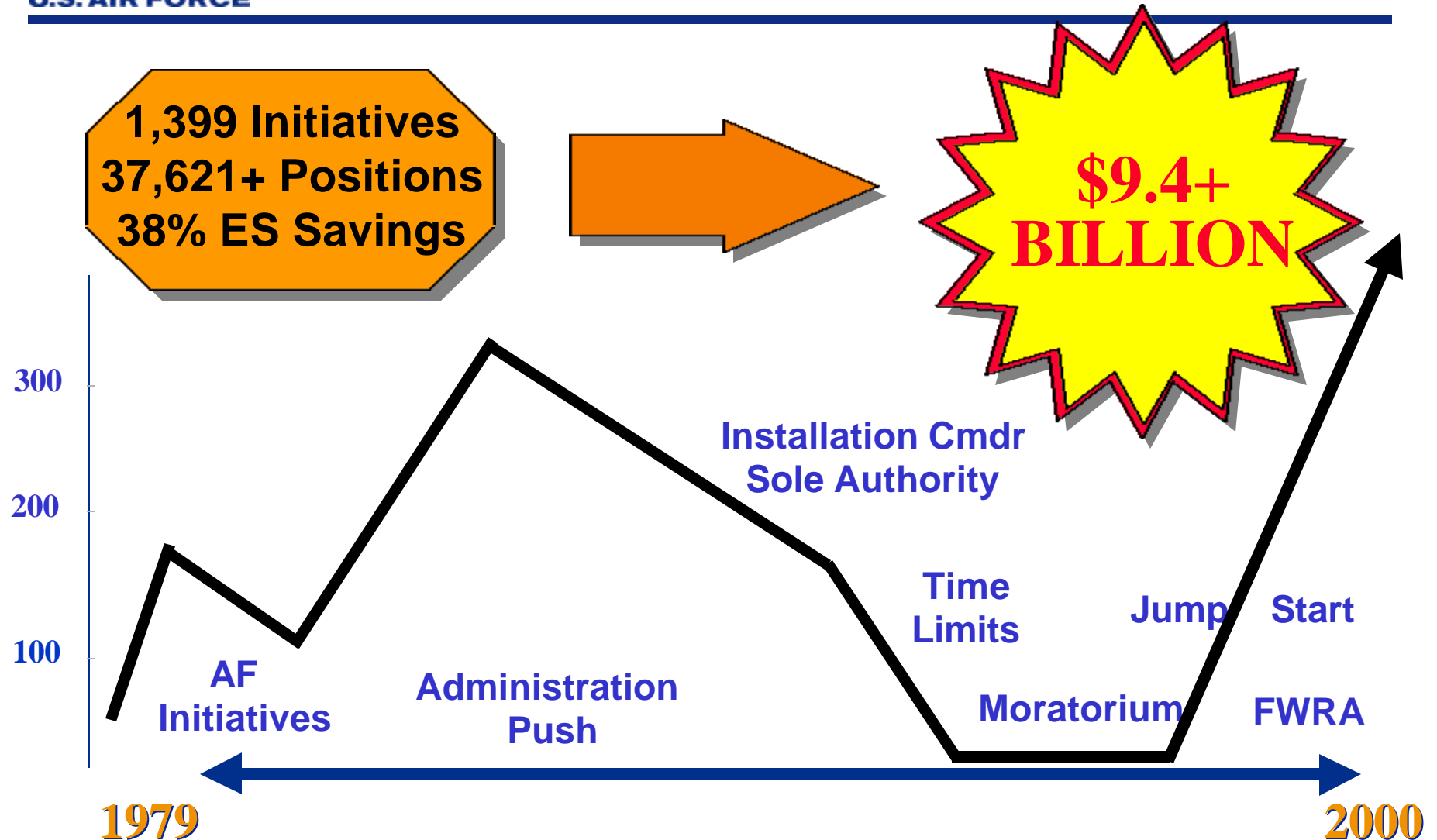
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# History -- A-76 Competitions



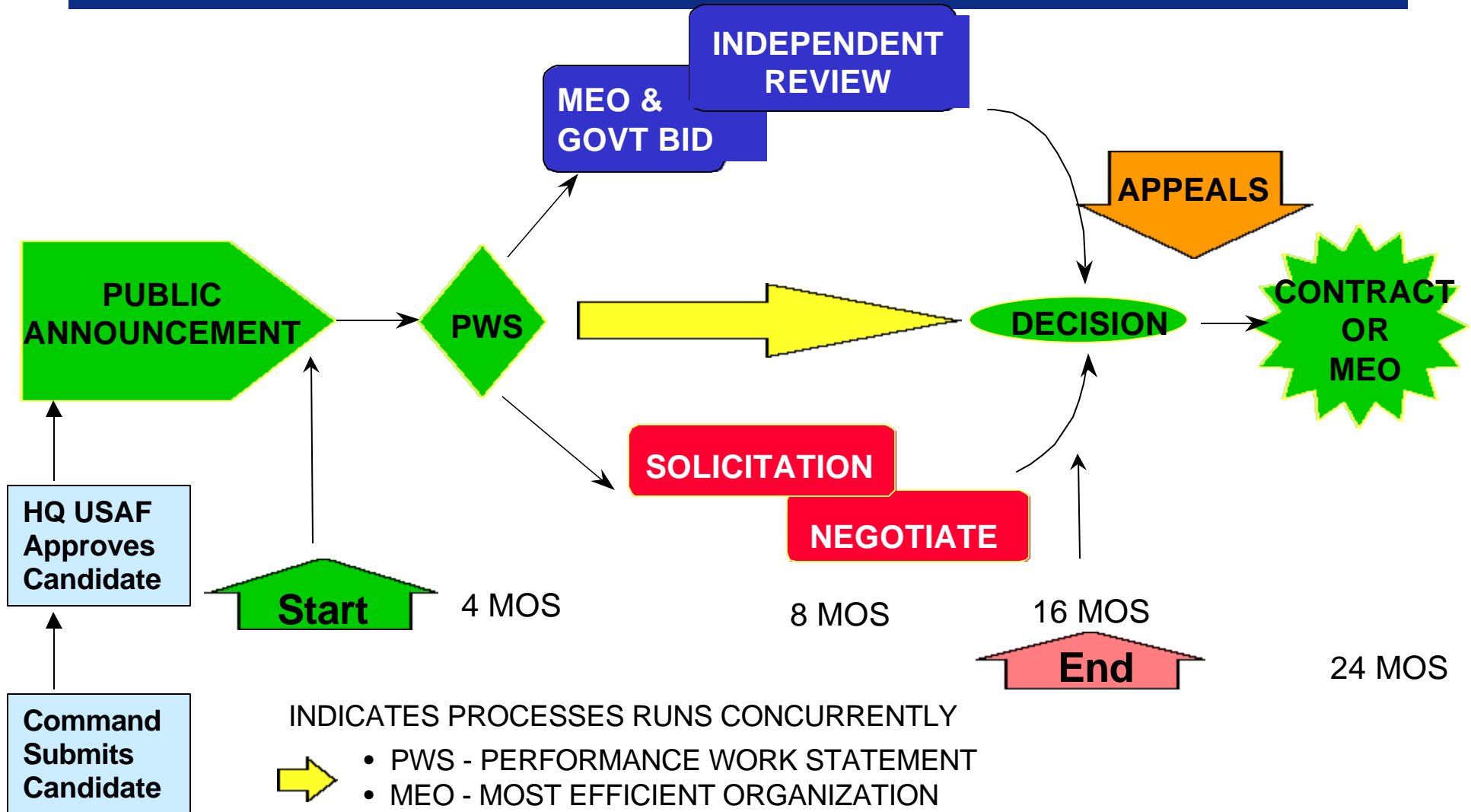
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# A-76 Cost Comparison Process



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# ***Air Force A-76 - A Success Story***

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- **979 Cost Comparisons Completed Since 1978; 466 Direct Conversions**
- **149 Tentative Cost Comparison Decisions (TCCD) appealed**
- **11 of the 140 Resulted in Change to TCCD**
- **76 GAO Protests**
- **10 GAO Protests Sustained**
- **43 A-76 Cost Comparison Studies Currently in Process**
- **30 Direct Conversions Currently in Progress**

**Numbers Prove We've Done A  
Lot and We Have Done It Well**

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# ***Current A-76 Program***

- **73 In-Progress Initiatives**
  - **12,952 Authorizations**
    - **6,461 Military & 6,491 Civilians**
  - **43 Cost Comparisons (12,161 Auths)**
    - **5,861 Military & 6,300 Civilians**
  - **30 Direct Conversions (791 Auths)**
    - **600 Military & 191 Civilians**
  - **Cost Comparison and Direct Conversion Average Size: 177 FTEs**

**Cost Comparison Average Size: 283 FTEs**